

ATTACHMENT TWO

May 2005, Extension request and Approval

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

550 WEST 7TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-3560
PHONE: (907) 269-8800
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May 17, 2005

John Cookson
ConocoPhillips Alaska, Inc.
P.O. Box 100360 – Suite ATO 1200
Anchorage, Alaska 99510

Subject: Request for Time Extension
Tarn Participating Area Drilling Commitment Area 1

Dear Mr. Cookson:

The Division of Oil and Gas, Department of Natural Resources (Division) received your request by letter dated May 12, 2005 that requests an extension of the Area 1 drilling commitments until July 1, 2006. It is our understanding that ConocoPhillips Alaska, Inc., as operator of the Kuparuk River Unit (Operator) plans to drill a well on or within ¼ mile of Area 1 by the forth quarter of 2005 (2005 Well) and if the 2005 Well is successful, one or two follow up wells will be drilled in Area 1 by July 1, 2006.


Since the Kuparuk Participating Area holds the area of interest, the Division approves your request. Upon completion of the 2005 Well, please supply the Division with all well information related to the well. If any of the four wells, defined in the July 2, 2003 approval letter (2003 Approval), are not drilled by July 1, 2006, the Tarn Participating Area (TPA) will contract on July 1, 2006 as defined in the 2003 Approval.

If the TPA contracts, the Operator will submit new exhibits to the Unit Agreement, as appropriate, by September 1, 2006.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Tom Irwin, Commissioner, DNR, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by e-mail to dnr_appeals@dnr.state.ak.us. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court.

If you have any questions regarding this decision, contact Christopher Ruff with the DNR at 907-269-8451.

Sincerely,


for Mark D. Myers
Director

Attachments:

- 1) Division's Letter dated July 2, 2003 documenting the TPA and KRU contraction
- 2) CPAI's Letter dated May 12, 2005 requesting a time extension.



John Cookson
GKA Development Advisor

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RECEIVED
MAY 16 2005

DIVISION OF
OIL AND GAS

May 12, 2005

Mark D. Myers, Director
Division of Oil and Gas
Alaska Department of Natural Resources
550 West 7th Ave., Suite 800
Anchorage, AK 99501

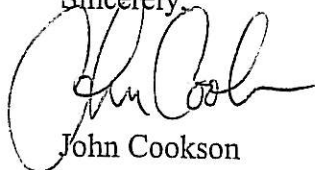
RE: Request for Time Extension
Tarn Participating Area Drilling Commitment, Area 1

Dear Dr. Myers,

In a letter dated July 2, 2003, the Department of Natural Resources addressed an automatic contraction of the Tarn Participating Area (TPA). In that letter, allowance was given for three areas to remain in the TPA on the condition that wells are drilled, in the areas, by certain dates. Area 1 requires two wells to be drilled by July 1, 2005. ConocoPhillips Alaska, Inc. (CPAI), as operator of the Kuparuk River Unit, requests an extension of the Area 1 drilling commitments until July 1, 2006. CPAI plans to drill a well on or within ¼ mile of Area 1 by the fourth quarter of 2005. If this well proves successful, then further wells may be planned in Area 1 in 2006.

Should you have any questions or comments concerning this proposal, please contact me at any time.

Sincerely,



John Cookson